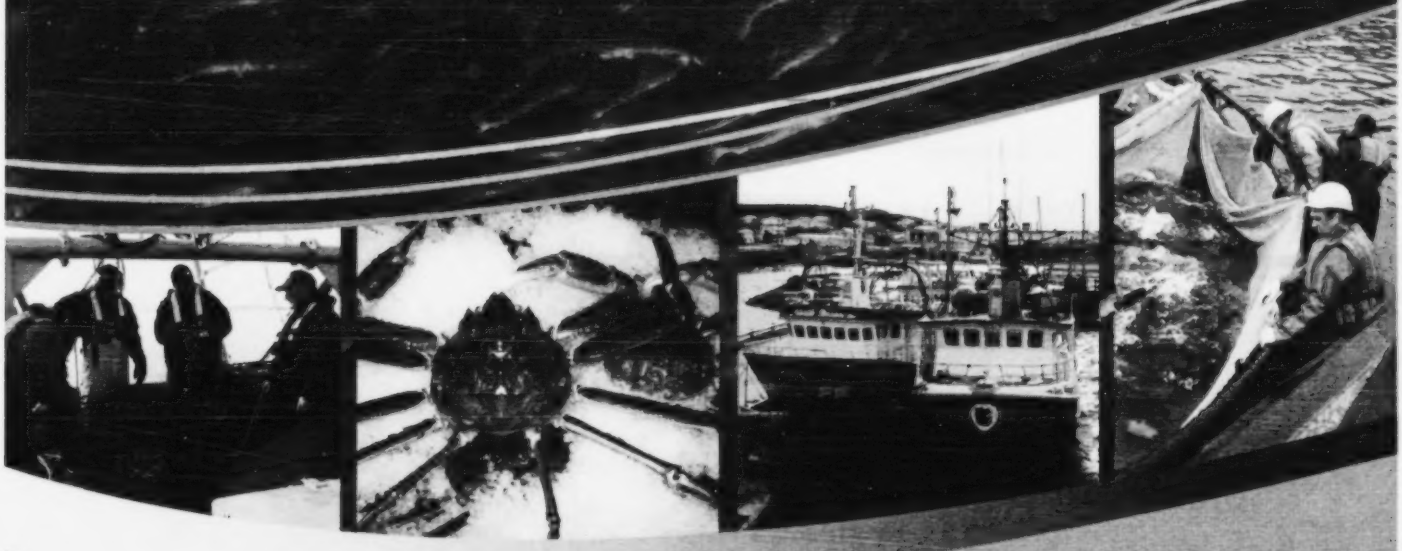
Newfoundland Labrador

Fisheries and Aquaculture

Annual Report 2007 - 08



Department of Fisheries and Aquaculture

MESSAGE FROM THE MINISTER

In accordance with government's commitment to transparency and accountability, I am pleased to submit to the House of Assembly and the people of Newfoundland and Labrador the 2007-08 Annual Report for the Department of Fisheries and Aquaculture. As Minister of the Department of Fisheries and Aquaculture, I am ultimately accountable for the results reported herein.

This report highlights our achievements and outlines the significant progress the department has made over the past year.

The development of the fishing and aquaculture sectors in Newfoundland and Labrador continued to be a top priority in 2007-08. Much progress was made in giving both sectors the support and resources required to become more viable and competitive and indeed, more successful both locally and internationally.

The Provincial Government allocated $14 million in Budget 2007 for the development of the aquaculture sector. The design work for a new Aquatic Veterinary Diagnostic Facility was begun for the south coast, which will be instrumental in bringing the industry into a new era of biosecurity. We continued to position the aquaculture sector for the further massive growth expected for our salmonid industry in 2008. During the past year, close to 200 new jobs were created in the south coast aquaculture industry.

In 2007, the department continued to implement the various components and programs associated with the Fishing Industry Renewal Strategy. The Fisheries Technology and New Opportunities Program was initiated, and to date, well over $600,000 has been approved for development projects throughout Newfoundland and Labrador. We are extremely pleased that in 2007-08, the market value of our seafood products has again exceeded $1 billion.

In moving forward, my department will continue to build upon the successes achieved to date. We will be diligent in implementing the components of our Strategic Plan, and we will continue to make the right choices and decisions for the benefit of all individuals who depend on our fishing and aquaculture sectors.

Honourable Trevor Taylor, M.H.A.
The Straits - White Bay North
Minister

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Jim Wellman, The Navigator

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Department of Fisheries and Aquaculture

DEPARTMENT OVERVIEW

The Department of Fisheries and Aquaculture is responsible for fisheries diversification, fish quality, licensing and regulating fish processing and aquaculture in Newfoundland and Labrador. The 2007-0? Annual Report is a key public accountability document that provides a review and report of the progress the department made in meeting the eight objectives set out in the 2006-08 Strategic Plan.

This document provides an overview of the year's highlights, expenditures, and collaborative activities. It also provides a summary of the Department of Fisheries and Aquaculture's strategic goals and outcomes. To provide a better understanding of the context within which the department works, an overview of the challenges and opportunities that affect the fisheries and aquaculture industries is provided.

Mandate

The mandate of the Department of Fisheries and Aquaculture is derived from the *Executive Council Act* and includes the supervision, control and direction of all matters relating to:

a) *the promotion, development, encouragement, protection, conservation and regulation of fisheries and aquaculture; and*

b) *the administration of the Acts set out in the Schedule and of all orders and regulations passed or made under those Acts, including those powers, functions or duties necessary or desirable for carrying out the purpose of those Acts, which are not, or insofar as they are not, the responsibility of another minister, agency, body, corporation, board, organization or person.*

Vision

The vision of the Department of Fisheries and Aquaculture is sustainable fishing and aquaculture industries that are achieving their optimum economic contribution to the Province of Newfoundland and Labrador.

Mission

By 2011, the Department of Fisheries and Aquaculture will have supported the strengthening of the processing sector and the expansion of the aquaculture industry to create economic opportunities for the province.

Mission Statement Progress Summary to Date - In the first two years of the five year mission, DFA worked toward strengthening the processing sector to create economic opportunities for the province. To improve the value of the province's seafood relative to market potential, DFA has developed and implemented several quality assurance initiatives aimed at increasing the value of Newfoundland and Labrador seafood in the marketplace. To accomplish, this DFA developed and implemented a formal training program and process for inspection staff, delivered quality awareness information sessions for industry stakeholders, and worked toward establishing a Quality Assurance Working Group.

The Fisheries Technology and New Opportunities Program was implemented in Fall 2007 to encourage innovative fisheries development and seafood diversification initiatives. The intent of this program is to further strengthen the industry and create additional economic opportunities for the industry.

Efforts to improve the value of the province's fish and non-fish related products have also involved reducing tariffs and non-tariff barriers in the international marketplace. To increase the province's participation in trade issues, a Trade Analyst was hired and has conducted an ongoing monitoring and analysis of trade issues. Additionally, DFA has increased its participation at forums that address international trade issues.

To support the expansion of the aquaculture industry and create economic opportunities for the province, DFA has established an Aquaculture Capital Investment Program to support the Aquaculture Working Capital Loan Guarantee Program. Through these programs, the department is working with companies to increase production and employment in the region. This initiative is also intended to attract new private sector investors to this province.

During 2007-08, approximately 200 new jobs were generated in the aquaculture industry. Initiatives intended to raise the market value of the province's seafood have been implemented. These initiatives include fish health, quality assurance measures and the Fisheries Technology and New Opportunities Program.

Note: DFA has revised its Mission Statement for the 2008-2011 period. The new version appears in the department's 2008-2011 Strategic Plan which can be found on DFA's website, www.fishaq.gov.nl.ca.

DFA Legislative Authority

Fisheries Act
Fish Inspection Act and Regulations
Fisheries Restructuring Act
Aquaculture Act and Regulations
Professional Fish Harvesters Act
Fish Processing Licensing Board Act

Lines of Business

Lines of Business are the consolidated programs, services and products an organization provides to its primary clients. The Department of Fisheries and Aquaculture has identified four lines of business.

Policy Development and Planning Services – The department develops, implements, and provides advice on fisheries and aquaculture policies for the support of resource/industry management, growth, and development. Other activities include strategic planning, financial and economic analysis, preparation and administration of development agreements, analysis and distribution of statistics, analysis of scientific information, and analysis and development of policy positions on fisheries and aquaculture resource issues. The department also leads the province's participation on coastal and oceans governance and planning issues.

Seafood Diversification and Development – The department provides technical and financial support to develop harvesting, growing, processing and marketing in the fisheries and aquaculture industries. This includes activities relating to sustainable harvesting, processing sector diversification, aquaculture investment prospecting, technology transfer, increased global market intelligence development, quality assurance and infrastructure support.

Licensing and Quality Assurance – Subject to specified criteria, the department licenses all fish processing operations, fish buyers, and aquaculture facilities and sites operating within the province. DFA contributes to the development of high standards and quality assurance through research support, training development and regulatory enforcement.

Inspection, Compliance and Regulatory Enforcement – The department conducts comprehensive inspection, compliance and regulatory programs for the fishing industry and aquaculture sector within its legislative authorities. Activities include inspecting fish-buying stations and processing plants; auditing statistics for plant employment and production, ensuring compliance with relevant or related acts, regulations and policies, and inspecting aquaculture sites and facilities. The department also inspects raw materials at the wharf and onboard fishing vessels.

Regional and Satellite Offices

The Department of Fisheries and Aquaculture has two headquarters offices, four regional offices and 19 satellite offices. Its corporate headquarters is located in St. John's. The headquarters of the Aquaculture Branch is located in Grand Falls-Windsor.

DEPARTMENT OF FISHERIES & AQUACULTURE
STATEMENT (UN-AUDITED) OF EXPENDITURE AND RELATED REVENUE
SUMMARY
FOR THE YEAR ENDED MARCH 31, 2008*

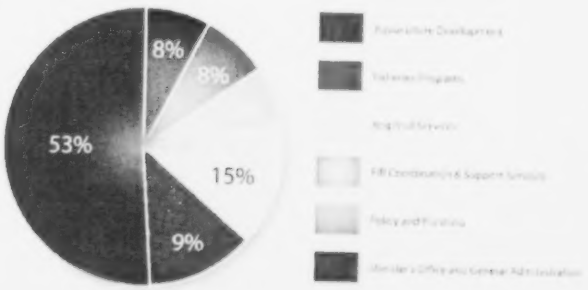
	Estimates		
	Original	Amended	Actual
	$	$	$
EXECUTIVE AND SUPPORT SERVICES			
Minister's Office			
Minister's Office	354,000	377,000	374,363
General Administration			
Executive Support	926,200	903,200	835,467
Administrative Support (Capital)	738,100	798,100	312,267
Policy and Planning Services			
Planning and Administration	1,162,200	1,162,200	966,003
Revenue	(2,000)	(2,000)	(828)
Sustainable Fisheries Resources and Oceans Policy	797,100	797,100	685,764
Fishing Industry Renewal Strategy			
Coordination and Support Services	5,000,000	5,000,000	1,301,368
Executive and Support Services Subtotal	8,975,600	9,035,600	4,474,404
FISHERIES DEVELOPMENT			
Regional Services			
Administration and Support Services	3,046,700	3,046,700	2,811,122
Revenue	(44,500)	(44,500)	(2,588)
Fisheries Facilities	65,000	65,000	4,928
Fisheries Programs			
Seafood Diversification and Development	2,619,300	2,559,300	1,837,840
Licensing and Quality Assurance	568,000	488,000	274,119
Revenue	(1,707,000)	(1,707,000)	(959,989)
Compliance and Enforcement	556,200	636,200	507,690
Fisheries Development Subtotal	5,103,700	5,043,700	4,473,122
AQUACULTURE DEVELOPMENT			
Administration and Support Services	4,935,500	4,935,500	2,856,227
Aquaculture Capital Equity Investment	9,500,000	9,500,000	7,250,000
Aquaculture Development Subtotal	14,435,500	14,435,500	10,106,227
Department Total	**28,514,800**	**28,514,800**	**19,053,753**

* **Source Document**: The Report on Program Expenditures and Revenue of the Consolidated Revenue Fund for Fiscal Year ended 31 March, 2008
Note: Audited financial statements are not required of the Department of Fisheries and Aquaculture

Financial Summary

The net expenditures of DFA have increased by approximately 300 per cent from $6 million in 1999 – 2000 to $19 million in 2007 – 2008. The majority of this increase is due to higher expenditures in Fisheries Development, Aquaculture Development, Regional Services, and Fishing Industry Renewal (FIR) programming.

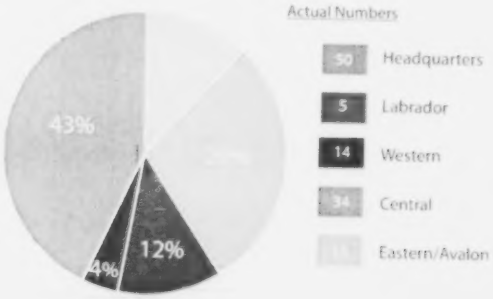
Distribution of Gross Expenditures, 2007-08



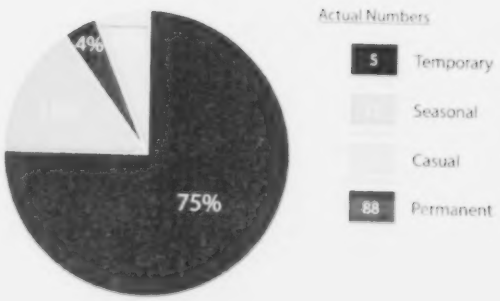
Number of Employees

The Department of Fisheries and Aquaculture employed 117 employees during 2007-2008.

Total Employees by DFA Region



Total Employees by Status



Total Employees by Gender

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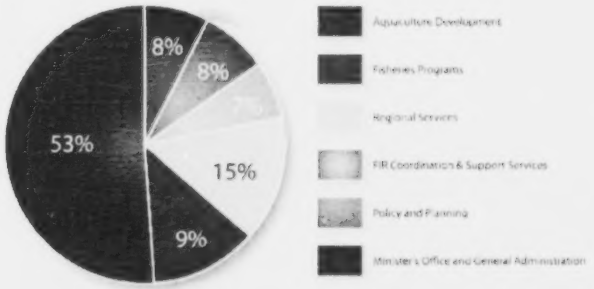

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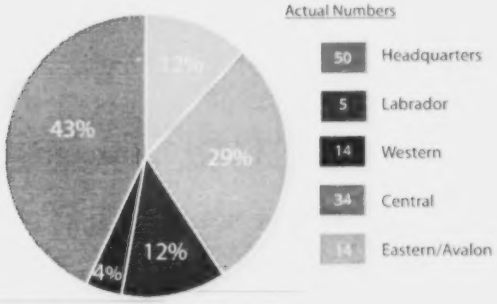

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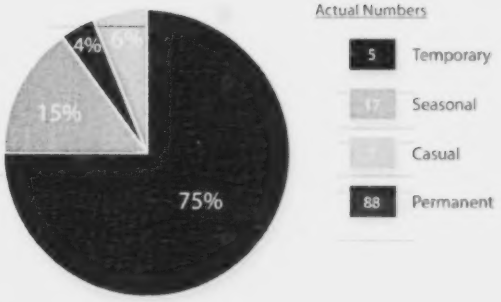


Total Employees by Gender

SHARED COMMITMENTS

On April 12, 2007, a joint federal-provincial Fishing Industry Renewal (FIR) Strategy was announced. This strategy is an "Oceans-to-Plate" approach that embraces the belief that all stakeholders in the seafood value chain must strive to attain a sustainable, economically viable and competitive industry. The approach focuses on the needs of the market and enhancing value in ways that permit all industry participants to benefit.*

The cornerstone of the province's fishing and aquaculture industries has been collaboration and consultation across all levels of government and industry. This cooperative arrangement has enabled the department to improve the viability of the fishing industry and address specific components of its strategic directions including fishing industry transformation, processing sector management, aquaculture management and administration, and securing our share of fish resources.

Multiple government departments and agencies have been actively involved and made important contributions to the fishing industry. Included among these are the Department of Fisheries and Oceans, Department of Innovation, Trade and Rural Development (INTRD) and the Department of Finance, the Department of Foreign Affairs and International Trade (DFAIT), the Department of Intergovernmental Affairs, the Department of Justice, the Canadian Food Inspection Agency, and the Department of Environment and Conservation (DEC).

Industry representatives of the Association of Seafood Producers (ASP), the Seafood Processors of Newfoundland and Labrador (SPNL), and the Fish, Food and Allied Workers (FFAW) Union have also been valued partners in the department's efforts to advance components of its strategic directions. Representatives have participated in numerous consultations relating to processing policy development, fish auctions, and quality issues.

Fishing industry renewal intersects all dimensions of the fishing and aquaculture industries and necessitates ongoing collaboration to achieve the goals established by the department. To acknowledge the many partners who have shared in the department's commitment and contributed to the accomplishments over this reporting period, the scope of their involvement is provided.

- DFA has had on-going communications with the Department of Fisheries and Oceans (DFO), the Department of Foreign Affairs and International Trade (DFAIT), Agriculture and Agri-Food Canada (AAFC), Atlantic Canada Opportunities Agency (ACOA, and members of the Atlantic Council of Fisheries and Aquaculture Ministers (ACFAM) (of which DFA is a member) to identify challenges and barriers facing the fishing and aquaculture industries.

* The Provincial Government's total undertaking in relation to this strategy is an estimated $140 million.

- Through work with the Department of Innovation, Trade and Rural Development (INTRD) and the Department of Finance, government approval has been given for revision and enhancement to the Fisheries Loan Guarantee Program (FLGP).

- DFA also worked with the Department of Environment and Conservation (DEC), Intergovernmental Affairs, and the Department of Justice on issues related to oceans and fisheries management.

- DFA worked closely with the Canadian Food Inspection Agency and DFAIT on matters related to seafood product quality and global market access.

- DFA also provided on-going support to the Standing Fish Price-Setting Panel (Labor Relations Agency) by providing market intelligence information.

- DFA worked with the Department of Government Services and the Workplace Health and Safety Compensation Commission toward establishing a Fishing Industry Safety Council.

- DFA also partnered with the College of the North Atlantic (CNA) and the Fisheries and Marine Institute, Memorial University of Newfoundland to develop and implement training on quality assurance.

- DFA worked to identify issues of safety in consultation with the Fish, Food, and Allied Workers Union (FFAW), DFO, Transport Canada, the Newfoundland and Labrador Professional Fish Harvesters Certification Board (NLPFHCB), and Safety Net.

- The Aquaculture Branch of DFA worked closely with DFO, the Department of Environment and Conservation, Transport Canada, ACOA, the Canadian Aquaculture Industry Alliance (CAIA), the Centre for Aquaculture Seafood Development (CASD), the Canadian Centre for Fisheries Innovation (CCFI), and the Newfoundland Aquaculture Industry Association (NAIA) to address industry development issues relating to infrastructure, fish health, economic growth, and investment promotion.

- To further the scientific foundation of aquaculture development, DFA supported research and development initiatives carried out at the Fisheries and Marine Institute and the Ocean Sciences Centre of Memorial University of Newfoundland.

In addition to these collaborative partnerships, DFA worked in cooperation with provincial, national and international committees that share common goals. The scope of this involvement demonstrates the extent of the department's interconnectedness with its various partners and the nature of the collaboration undertaken to fulfill its strategic commitment both to the renewal of the province's fishing and aquaculture industries and fishery and marine resource interests.

- DFA participated in numerous fisheries advisory and working groups. These included representation on six Atlantic-wide and Inter-regional advisory committees where it provides advice directly to the Minister of Fisheries and Oceans. These committees are the Northern Shrimp Advisory Committee, the Atlantic Large Pelagics Advisory Committee, the Atlantic Mackerel Advisory Committee, the Gulf Groundfish Advisory Committee, the Offshore Scallop Advisory Committee and the Gulf Shrimp Advisory Committee.

- The department also represented the province on Canadian delegations involved in International Fisheries Management. Senior officials attended the annual meeting of the Northwest Atlantic Fisheries Organization (NAFO) in September 2007.

- Staff of the department attended Bilateral Fisheries Consultations between Canada/France and Canada/Greenland.

- A member of the department represented the province on the Fisheries Resource Conservation Council (FRCC) which advises the Minister of DFO. A Sustainability Framework for Atlantic Lobster was finalized in 2007 by the FRCC.

- The Government of Newfoundland and Labrador, through DFA, participated in meetings to collectively address issues of national importance with the Canadian Council of Fisheries and Aquaculture Ministers (CCFAM). The council includes representatives from the federal government and all provinces and territories. Work with the CCFAM is undertaken through regular Working Group meetings of officials, Deputy Minister meetings, and Task Group meetings on selected issues. These meetings culminate in an annual meeting of Fisheries and Aquaculture Ministers.

- A similar arrangement exists with the Atlantic Council of Fisheries and Aquaculture Ministers (ACFAM). This council includes representation from the governments of Canada, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and Nunavut. ACFAM provides a forum for these parties to exchange information and to facilitate coordination of approaches that are specific to Atlantic fisheries.

DFA employees attend a presentation by the Executive Director of the Marine Institute

DEPARTMENT HIGHLIGHTS

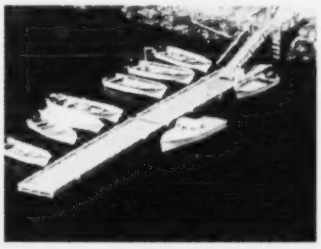
Throughout 2007-08 the Department of Fisheries and Aquaculture continued to focus on federal-provincial Fishing Industry Renewal (FIR) initiatives.

In addition, DFA implemented measures to strengthen the province's position in the industry through policy development, quality assurance initiatives, enhanced communications strategies, and aquaculture expansion. These modifications increase confidence in the seafood products and make the fishing and aquaculture industries in Newfoundland and Labrador more competitive in the international marketplace.

DFA continues to strive to have a stronger voice in the management of the fisheries and oceans resources to ensure the stability and sustainability of the Newfoundland and Labrador fishery.

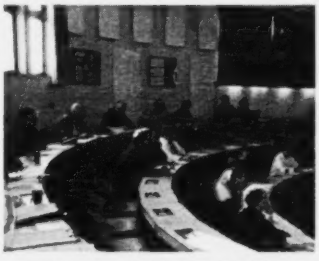
Fisheries Initiatives:

- In April 2007, the Government of Canada and the Government of Newfoundland and Labrador launched the Fishing Industry Renewal Strategy. This joint initiative presented an "Oceans to Plate" strategy for improving industry viability through renewal of processing policy, implementation of fish auctions, enhanced marketing efforts, increased fisheries research and diversification, improved occupational health and safety, an enhanced Fisheries Loan Guarantee Program and the development and delivery of workforce adjustment measures.



The FIR initiatives were launched in 2007

  - Processing Policy Renewal - An options paper was prepared and consultations were held with the seafood processors and FFAW. Based on these consultations, policy changes have been recommended and, when approved by government, will be implemented in 2008.



Fish Auction, Oostende, Belgium

  - Implementation of Fish Auction - The department entered into an agreement with the Fish Harvesters Resource Center (FHRC) to establish a voluntary fish auction. A framework that could form the basis of a contract was forwarded to FHRC.

  - Enhanced Marketing - A Seafood Market Review Panel was established and Mr. Sandy Roche was contracted as its chair. Mr. Roche carried out a comprehensive analysis of the options for establishing a Seafood Market Council including the identification of key marketing challenges facing the seafood industry, approaches for addressing these challenges and options for the mandate and administrative operation of the council. The chairman submitted his report and government is reviewing its recommendations. Additional work will be guided by the report's recommendations.

International Boston Seafood Show

- Increased Fisheries R&D – Fisheries diversification is a key component of the department's strategic direction. To encourage and support fisheries diversification, the Fisheries Technology and New Opportunities Program (FTNOP) was implemented. This program provides support for innovative approaches to harvesting, processing and marketing that will serve to increase the overall viability of the province's seafood industry.

Strategic planning session

- Occupational Health and Safety - Government worked with industry stakeholders on establishing a Fishing Industry Safety Council. The focus of the council will be on organization, research, education, training, promotions, and communications.

- Enhanced Fisheries Loan Guarantee Program (FLGP) - In 2007, DFA worked with the Department of Innovation, Trade and Rural Development to enhance the FLGP. The province announced enhancements to facilitate bank financing for those harvesters wishing to take advantage of federal licensing policy changes. Significant enhancements included: increasing the loan ceiling from $1.3 million to $2.0 million; refinancing loans from processors for capital acquisitions and a fixed interest rate option.

Processing Equipment, Grand Bank, NL

- Fishing Industry Workforce Adjustment - To assist individuals who are impacted by capacity reductions in the industry, government established a set of adjustment services for workers at fish plants designated as permanently closed. Services include transitional employment counseling, short-term employment support, intensified regional economic diversification efforts, and wage subsidies to help displaced workers transition to other employment. Plants in Port aux Basques and Trouty were designated permanently closed in 2007, and the suite of adjustment measures was deployed in these communities.

Flume Tank, Marine Institute, NL

- DFA implemented quality assurance measures by hiring additional inspection staff and developing a new ticketing enforcement system. DFA collaborated with the Marine Institute, and the College of the North Atlantic to develop and deliver a new training initiative called the Quality, Compliance and Enforcement Program (QCEP). This will ensure that fish inspectors throughout the province have the knowledge and skills necessary to more effectively enforce quality assurance protocols.

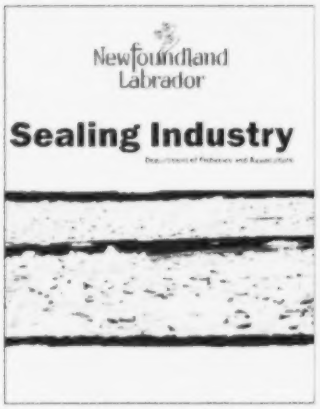
- DFA expanded its presence at international seafood trade shows. In 2007-08 representatives from DFA participated in the European Seafood Exposition, Seafood Russia 2007, International Boston Seafood Show (IBSS), and the China Seafood Exposition 2007.

DFA team inspect crab traps

- DFA contributed $10,000 towards a seafood cooking competition at the College of the North Atlantic and Academy Canada. Two winners were selected to attend the International Boston Seafood Show to prepare and promote Newfoundland and Labrador seafood cuisine.

Winners of 2008 Annual Seafood Cooking Competition

- A communications initiative was developed and implemented to assure clear and accurate messaging about the fisheries of Newfoundland and Labrador within the province and around the world.
  - DFA made numerous presentations to industry leaders and community groups about the Newfoundland and Labrador fishery.
  - The 2007-08 Sealing Industry Communications Strategy was developed. A Sealing Industry Information Package has been translated into the languages of target audiences and distributed around the globe.



- DFA funded the 40th Anniversary Celebration of the Newfoundland and Labrador Commercial Crab Fishery – 2007 Crab Gala. The event was held in St. John's and was attended by more than 300 industry participants.

- The sale of Fishery Products International (FPI) was finalized. The purchase and sale agreements contain long-term benefits for fishery workers in rural communities. These included a nine-year condition of licensing to require quotas to be landed in this province in a form ready for processing and employment commitments over a five-year period, intended to stabilize plant operations.

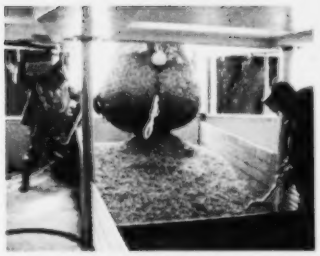
- In support of the development of a Provincial Coastal and Oceans Strategy, DFA initiated two Issues Scans as a means to identify and secure fishery and marine resources. These scans involved general public consultation in various regions in the province by an external consultant. Coastal and ocean issues were identified and defined from a local knowledge perspective. This information will form the basis of coastal and ocean management policy development.

- DFA continued to promote the province's position to eliminate trade tariffs and trade bans on all fish, fish-related products and seal products. This included a trip by the minister of DFA to meet with trade officials in Brussels in April 2007.

Seal hide processing

- The department continued with its Cod Recovery Program in 2006-08. A provincial contribution of approximately $600,000 was made to several cod research projects in partnership with DFO, MUN and the FFAW.

- As part of its work in trade, DFA worked closely with industry to have the European Union (EU) Autonomous Tariff Rate Quota (ATRQ) changed. Under the 2007-09 ATRQ, an increased amount of cooked and peeled shrimp may enter the EU annually at a reduced rate of six per cent, as opposed to 20 per cent. The previous ATRQ amount of 10,000 tonnes was increased to 20,000 tonnes.



Shrimp harvesting in Newfoundland and Labrador

Aquaculture Initiatives:

- As a component of its strategic direction to develop the aquaculture industry through extension services, DFA has initiated the design and plan for a new Aquatic Veterinary Diagnostic Facility in St. Alban's. This facility will both enhance fish health and increase the development capacity of the aquaculture industry.

Coast of Bays, Marine Infrastructure Development

- The expansion of the aquaculture industry created the need for new and upgraded marine infrastructure. To ensure sustainable management of the growth of the aquaculture industry, initial planning began for the expansion and realignment of the existing wharf in Pool's Cove on the Connaigre Peninsula. The expansion will occur in 2008.

- Sustainable management of the growth and development of the aquaculture industry has been further supported by the introduction of wastewater treatment systems. Treatment systems were funded for processing plants at Harbour Breton, St. Alban's, Gaultois and Hermitage, all of which are located in the salmonid culture zone. These systems will allow all wastewater from fish processing activities to be thoroughly disinfected before being discharged.

Deputy Minister O'Reilly presents Cyr Couturier with "Aquaculturist of the Year" award (Photo courtesy Jim Wellman)

- DFA issued a Request for Proposals (RFP) to establish a Cod Aquaculture Demonstration Farm. Submissions have been reviewed and a candidate selected.

- The Aquaculture Loan Guarantee Program and Aquaculture Capital Investment Program continue to provide incentives and new investment opportunities for investors.

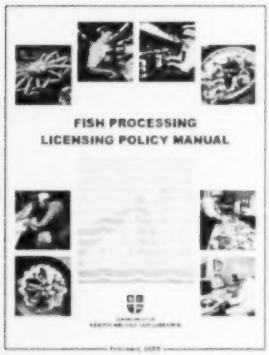
- Delegates from DFA, other Atlantic Canada provinces, industry, and DFO attended Aqua Sur 2008 in Chile and Aqua Nor 2007 in Norway where they explored investment opportunities, best practices, new technology in aquaculture, and fish health.

Aqua Nor 2007

STRATEGIC ISSUE 1

FISHING INDUSTRY TRANSFORMATION

The fishing industry of Newfoundland and Labrador is impacted by the rising value of the Canadian dollar, the instability of fish stocks, low cost competitors, increased production costs, overcapacity, and workforce availability. Working towards government's Strategic Direction to ensure the viability of the fishing industry, DFA took action to transform the province's fishing industry into a more economically sustainable and internationally competitive entity. Government and industry leaders worked in concert to identify a fisheries renewal strategy and develop public policy that serves to counteract those complex challenges facing the industry.



Goal 1: By 2008, the Department of Fisheries and Aquaculture will have worked with other provincial and federal departments, the fishing industry and other industry stakeholders to identify public policy measures to make the industry more viable and internationally competitive.

Measure: Led the provincial government in a federal/provincial fisheries renewal initiative with the federal Department of Fisheries and Oceans.

Indicators:

1. Completed a co-ordinated initiative with DFO to identify public policy measures to help renew the province's fishing industry;
2. Conducted meetings with industry leaders to identify public policy options for industry adjustment and renewal.

Goal Performance: The Department of Fisheries and Aquaculture led the provincial government as it worked closely with DFO, other provincial and federal departments, the fishing industry and other industry stakeholders to identify public policy measures to help renew the province's fishing industry. With dedicated human resources, DFA worked with DFO to complete the Terms of Reference for the Fishing Industry Renewal Strategy and embarked on an extensive consultation process with industry leaders to identify public policy options for adjustment and industry renewal. The department established government-industry working groups and held consultation meetings with approximately 800 participants who took part in more than 40 meetings.

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, the Department will have developed and implemented public policy measures to strengthen the province's fishing industry, with emphasis on the fish processing sector which falls under the province's jurisdictional responsibility.

Measure 1: Developed public policy measures to strengthen the province's fishing industry with emphasis on the fish processing sector.

1.1.1	Conducted consultations with the processing sector on Fisheries Renewal Policies for the processing sector.	In 2007-08 DFA conducted consultations with the Association of Seafood Producers (ASP), Seafood Processors of Newfoundland and Labrador and the Fish, Food and Allied Workers Union (FFAW) to identify processing policies to make the sector more viable.
1.1.2	Prepared policy paper on policy measures for government approval.	Following consultations with industry stakeholders, DFA produced a policy paper with recommendations for policy changes relating to license issuance, transfer, cancellation, and plant closures. It is anticipated the document will be submitted for government consideration in April 2008.
1.1.3	Held discussions with processor organizations and the FFAW to develop a Fish Auction on a pilot basis for cod in NAFO zone 3Ps.	Discussions were held with the processors and FFAW on a pilot volunteer fish auction for cod in 3Ps, and subsequent discussions were held with the Fish Harvesters Resource Centre (FHRC). An agreement was reached to provide government funding for an FHRC proposal to establish an auction house. A framework that could form the basis of a contract was forwarded to FHRC. DFA is awaiting a response from FHRC.
1.1.4	Worked with the Department of Innovation Trade and Rural Development (INTRD) and the Department of Finance to enhance the Fisheries Loan Guarantee Program.	DFA worked with INTRD, the Department of Finance, and banks to improve the FLGP. Government approval was given to make revisions and enhancements to the FLGP on the issues which are of provincial jurisdiction. The loan ceiling increased from $1.3 million to $2.0 million; refinancing increased to 85 per cent of asset value, and a fixed interest rate option was introduced. These actions were taken to improve fish harvesters' ability to access capital, thereby stabilizing the harvesting sector.

Measure 2: Implemented public policy measures to strengthen the province's fishing industry with emphasis on the fish processing sector.

1.2.1	Reviewed the role of the Fish Processing Licensing Board to assist in fishing industry renewal.	DFA consulted with processors and with the FFAW to review the role of the Fish Processing Licensing Board to assist in fishing industry renewal. Government decided that the role of the board would not change, but it is envisaged that the anticipated licensing policy changes will provide the board with a clearer set of guidelines to assist them in their deliberations.
1.2.2	Implemented new fish processing licensing policies to support the renewal of the processing sector.	Consultations on fish processing licensing policies were held with ASP, SPNL and FFAW. Proposed changes have been drafted and a policy paper has been prepared. It is anticipated that the new policies will be implemented in 2008-09. Given that it took longer than anticipated to conduct consulations and draft the policy, implementation did not occur.
1.2.3	Rolled out a new and expanded Fisheries Technology and New Opportunities Program.	Announced in the fall of 2007, the Fisheries Technology and New Opportunities Program (FTNOP) was introduced as a new and expanded development initiative. The primary objective is to provide support for the province's seafood harvesting, processing, and marketing sectors. The program has helped the industry to become more innovative and competitive.

Additional Initiative: To further strengthen the province's fisheries, DFA worked with industry stakeholders on establishing a government-industry Fishing Industry Safety Council.

STRATEGIC ISSUE 2

AQUACULTURE INVESTMENT

Newfoundland and Labrador is well positioned to respond to the emerging global market for aquaculture products. With the availability of marine sites, a progressive licensing process, proactive sustainability policies, and a supportive government, this province is considered a prime location for aquaculture development in Canada. In line with government's Strategic Direction on aquaculture development, DFA worked with internal and external partners to develop a strategy paper and implemented the Aquaculture Capital Investment Program. These initiatives are geared to encourage private sector investment in the industry.

Research lab at Marine Institute

Goal 2: By 2008, the Department of Fisheries and Aquaculture will have developed an expanded aquaculture investment strategy and supported its implementation.

Measure 1: Developed an investment strategy.

Indicators:

1. Engaged internal and external partners;
2. Identified and assessed investment components, including:
   - Tax incentives;
   - Capital access;
   - Public-sector investment.
3. Prepared a strategy document.

Measure 2: Oversaw implementation of an investment strategy.

Indicators:

1. Committed human and financial resources within the department;
2. Established implementation committee;
3. Developed communications strategy;
4. Determined delivery mechanism/process;
5. Developed monitoring and evaluation plan.

Goal Performance:

Throughout 2006-08, DFA worked with internal and external partners to develop an expanded aquaculture investment strategy. The initial focus was on raising the awareness of potential investors and stakeholders about existing programs and investment opportunities. As a part of this process the Minister of DFA delivered a presentation at the Capital Investment Session in Aqua Vision 2006, in Norway. Meetings were also held with representatives of Glitner Bank and Rabobank regarding aquaculture investment opportunities in this province.

To further enhance investment opportunities, the Aquaculture Branch engaged the Department of Finance, Treasury Board and INTRD to identify incentives including tax incentives, options for a capital financing program and a proposed venture capital fund for aquaculture development. DFA identified and assessed public sector programs that support investment. DFA implemented the Aquaculture Capital Investment Program to support the ability of the Aquaculture Working Capital Loan Guarantee Program to attract private sector investment. As a result of these initiatives, there have been a number of experienced operators locating in this province. It is expected that this will increase economic opportunities substantially over the next few years.

DFA developed a strategy paper outlining strategic initiatives intended to expand the aquaculture industry to attract more investors to this province. The expansion plan addresses sustainable management, infrastructure, human resources, communication and collaborations necessary for expansion. The paper has been submitted to government for approval.

Because the preliminary work took longer than anticipated, the submission of the strategy paper for government approval was delayed. Consequently, the implementation of the expansion plan did not occur. Until the strategy paper has received government approval, the implementation of the investment strategy cannot be completed.

Feed lowered to a barge

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, the Department of Fisheries and Aquaculture will have implemented an investment strategy.

Measure 1: Implemented the aquaculture investment strategy.

2.1	Completed the development of an investment strategy for salmonids.	DFA developed an expanded aquaculture investment strategy for salmonids including investment options, sustainable management, infrastructure, human resources, communications and federal government collaborations. A draft document was produced and submitted for government review.
2.2	Specific plans for implementation of strategies identified to support the salmonid industry developed by stakeholder committees.	Implementation of the aquaculture investment strategy cannot move forward until government approval has been given. The submission of the strategy paper was delayed by other priorities and the unexpected length of time required to develop the investment strategy.
2.3	Submitted budget requirements of specific strategies for salmonid aquaculture into the governmental budget process.	The budget requirements were not submitted. The aquaculture investment strategy must be approved first and committees established. The committees will be responsible for developing the budget requirements of specific strategies for salmonids and for submitting the requests through the governmental budget process.

STRATEGIC ISSUE 3

COMMERCIALIZATION OF COD AQUACULTURE

On a global scale, Atlantic cod is considered the next major fish species to be farmed and commercialized. The primary obstacle to the commercialization of cod aquaculture is the level of risk associated with private sector investment. A commercial scale demonstration project is a means to prove the economic viability of aquaculture and attract private sector investors to the province. To this end and related to governments Strategic Direction on aquaculture development, DFA worked with the private sector, the federal government and financial institutions in an effort to see the establishment of a commercial scale cod demonstration farm in the province.

Cod site, NorthWest Cove, Hermitage Bay, NL

Goal 3: By 2008, the Department of Fisheries and Aquaculture will have initiated the strategic development, start-up and operation of a commercial scale Atlantic cod demonstration farm.

Measure: Initiated the development of a strategy for a commercial scale Atlantic cod demonstration farm.

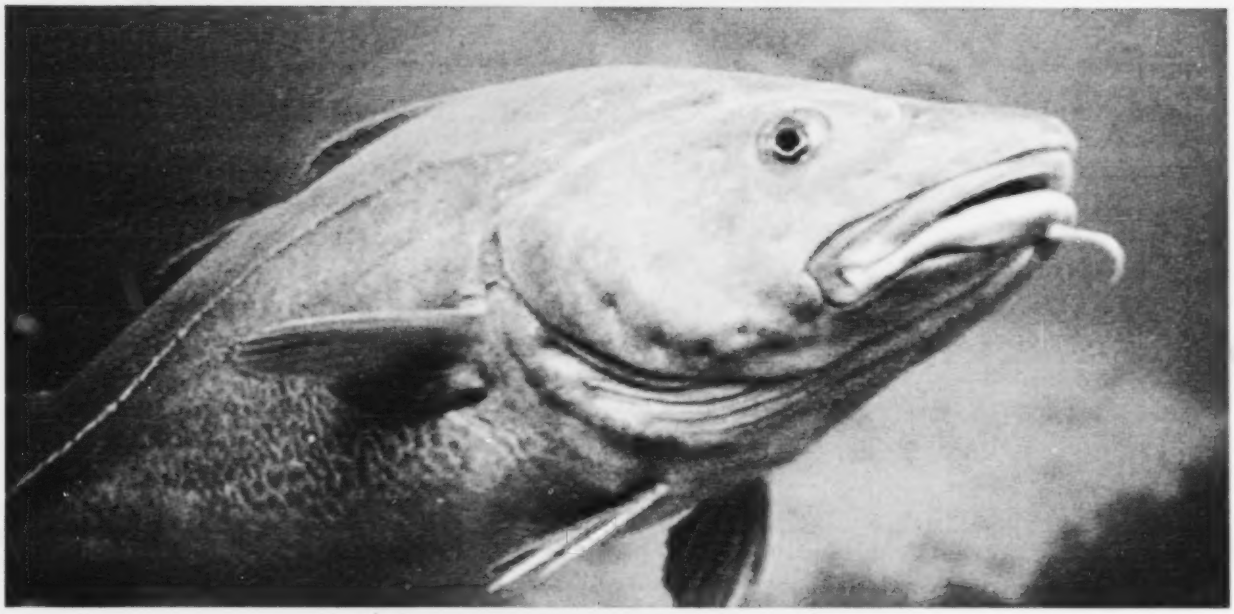
Indicators:

1. Developed business model for demonstration farm;
2. Developed governance structure for farm operation;
3. Secured provincial financial commitment;
4. Worked to secure federal financial contribution;
5. Developed farm operational plan;
6. Developed divestiture plan.

Goal Performance:

To fulfill its strategic commitment to further develop and commercialize the aquaculture industry, DFA embarked on the strategic development of a commercial scale Atlantic cod demonstration farm. During 2006-07 a business model was developed and ratified by a steering committee comprised of representatives from DFA, DFO, Newfoundland Aquaculture Industry Association (NAIA), and the Atlantic Canada Opportunities Agency (ACOA).

Provincial financial commitments are in place and private sector financial commitments have been identified through a Request for Proposal (RFP) process. Operational plans were submitted as part of this process. By the end of the 2007-08 fiscal year, a successful candidate was identified.



Cultured cod

DFA met with DFO and ACOA on numerous occasions throughout the year to review potential federal funding options. A federal commitment to this project has not been forthcoming to date and the lack of federal funding has delayed the start-up and operation of the demonstration farm. In February 2008, a new federal funding program for aquaculture development was announced. The province continued to seek federal funding for this program as the next step to planned implementation. Because a governance plan is closely tied to the funding, it cannot be developed until funding is secured. The divestiture plan can only be developed when an agreement with the private sector investor is in place.

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, DFA will have initiated the start up and operation of the cod aquaculture demonstration farm.

Measure 1: Initiated the start up and operation of a cod aquaculture demonstration farm.

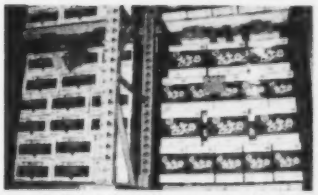
3.1	Identified private-sector investment and involvement in cod aquaculture based on RFP submissions.	DFA issued a Request for Proposals for the development of a cod demonstration farm. Proposals were received and a private sector company has been identified.

3.2	Engaged DFO and ACOA regarding a federal contribution.	Meetings with DFO, ACOA and other Federal agencies have been held to discuss federal funding opportunities for a cod aquaculture demonstration farm. In February 2008, a federal funding program for aquaculture development was announced. The implementation of this project is dependant upon accessing funds from this federal program which are expected to be available in spring 2008.
3.3	Finalized the implementation plan with private-sector and federal agencies.	The implementation plan cannot commence until funding has been finalized. Once the implementation plan receives funding, the private sector can move forward in reviewing the terms and conditions of the provincial capital funding programs.
3.4	Completed site selection for the cod demonstration farm.	Potential sites have been identified for the cod demonstration farm but the site selection process cannot commence until the private sector agrees to the terms and conditions of the provincial and federal funding contributions.
3.5	Purchased equipment and all site equipment placed for a May 2008 stocking.	The purchase of equipment is contingent on an agreement of the private sector investor to the proposed funding contributions and therefore, cannot commence until this agreement has been finalized.
3.6	Completed contracts with hatcheries for cod fingerlings for May 2008 stocking.	Contracts with hatcheries will be completed following the private sector agreement to the terms and conditions of the provincial and federal funding contributions.

STRATEGIC ISSUE 4

TRADE AND TARIFF BARRIERS

The majority of seafood products produced in this province are exported internationally. Some key markets have non-tariff barriers in place that restrict market access or impede this province's ability to compete with rivals who have preferential access. Throughout the year, DFA worked to reduce trade barriers and thus optimize the value of the province's seafood. These efforts supported government's Strategic Direction to ensure the viability of the fishing industry. While international trade falls under the constitutional responsibility of the federal government, DFA worked diligently to inform them of the province's position on trade issues



Products packaged for export in Grand Bank, NL

Goal 4: By 2008, the Department of Fisheries and Aquaculture will have supported the reduction of the trade barriers to optimize the value of the province's seafood sector.

Measure: Supported the reduction of trade barriers.

Indicators:

1. Dedicated human resources, within the department, to address seafood trade issues;
2. Prepared and implemented a strategy to reduce trade and tariff barriers for Newfoundland and Labrador fish and seafood;
3. Increased trade intelligence within the department;
4. Presented Newfoundland and Labrador's position on trade negotiations.

Goal Performance:

The federal government is constitutionally responsible for international trade, but it is crucial that the province present its views on the fishing industry to the federal government and have its views represented at various international forums. During 2006-08, DFA further developed and implemented its strategy to reduce trade barriers to optimize the value of the province's seafood sector. To this end, DFA hired a Trade Analyst to focus primarily on seafood trade issues and to increase trade intelligence. DFA increased its participation in trade intelligence activities and consistently met with industry and trade officials in Ottawa and Europe to address issues important to the reduction of trade barriers. The department is now an active member of C-Trade, a federal-provincial trade working group. This provides a venue for the department to present its positions on key trade issues and to gain trade intelligence. Furthermore, trade issues have been aggressively pursued at other federal/provincial committees such as CCFAM and ACFAM.

As a part of our strategy, there has been ongoing monitoring, analysis, consultations, and reporting of the province's position on trade-related issues to the federal government, including the Department of Foreign Affairs and International Trade Canada, and provincial departments: the Department of Innovation, Trade and Rural Development and the Department of Justice.

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, the Department will have developed and implemented a strategy to address trade issues and presented its trade position to the federal government.

Measure 1: Developed a strategy to address trade issues and presented its position to the federal government.

4.1.1	Developed a report outlining the province's position on seafood trade issues.	Rather than developing a report, DFA decided to address the province's position on specific seafood trade issues as they arose though a process of monitoring, analysis and directed responses.
4.1.2	Developed a provincial position, in conjunction with the federal government and industry, addressing seafood trade issues.	DFA worked with the federal government and industry in developing its position on seafood trade issues. The province's position and ultimate goal is the elimination of all trade barriers on fish and fish-related products. DFA continued to work with DFAIT, DFO and industry on seafood trade issues to further advance its position. Given the dynamic nature of international trade, DFA continued to conduct an ongoing analysis and response to trade issues as they arose. DFA continued to press the federal government to negotiate bilateral agreements with countries such as the EU to address high tariff issues.
4.1.3	Conveyed the Department's trade position to the Government of Canada, Department of Innovation Trade and Rural Development (INTRD) and industry.	Concerns relating to the proposed new text for WTO Fisheries Subsidies and Anti-Dumping Agreements were communicated to the federal government. Correspondence and presentations to the federal government have emphasized the province's views on WTO issues, the Autonomous Tariff Rate Quota (ATRQ), and the elimination of trade barriers. Correspondence was sent to ASP, Seafood Processors of Newfoundland and Labrador and FFAW to convey the department's position on these trade issues and to encourage their participation in working to eliminate these barriers. WTO rules were discussed at an ACFAM meeting.

Measure 2: Implemented a strategy to address trade issues.

4.2.1	Worked with industry and government to implement a shrimp strategy on exporting cooked and peeled shrimp to the EU.	DFA consulted with industry and government concerning the 20 per cent European Union (EU) tariff imposed on Newfoundland and Labrador cooked and peeled shrimp. Ongoing lobbying efforts by DFA and industry have resulted in an ATRQ tariff relief. This involved a high level ministerial visit to the European Union in April 2007. Under this ATRQ, 20,000 tonnes of cooked and peeled shrimp may now enter the EU at a reduced rate of 6 per cent.
4.2.2	Conveyed DFA's position on fish-related products for trade purposes to DFAIT.	DFA communicated its position on tariff and non-tariff barriers to DFAIT. DFA was engaged through conference calls, meetings, and correspondence with DFAIT, DFO and the Department of Finance on issues that may impact the seafood industry.
4.2.3	Further developed trade relations with countries such as China and Russia through both government and industry contacts.	China and Russia are significant seafood markets which have high tariffs. DFA continued to press the federal government for the elimination of tariffs on fish and fish-related products through Non-agricultural Market Access (NAMA) negotiations at Doha. Progress has been made in developing trade relations with China and Russia through marketing initiatives.
4.2.4	Worked with DFAIT and industry to address key issues such as the trade bans on seal products.	DFA has requested DFAIT to take action against the proposed EU seal products ban, citing the import ban to be a violation of contractual agreements under WTO. As a result of its engagement with industry and its communications with DFAIT, DFA has been successful in lobbying the federal government to take Belgium and the Netherlands to WTO trade action concerning the trade bans.

STRATEGIC ISSUE 5

COMMUNICATIONS

Communications is a key component of creating public awareness. DFA endeavored to deliver clear information about all aspects of the fisheries and aquaculture industries at home and abroad. The department was committed to developing, delivering and promoting comprehensive public awareness about the issues, challenges and successes of the industry. The department provided information on the aquaculture sector, specifically its opportunities for economic development in rural Newfoundland and Labrador. These efforts contributed to the government's Strategic Directions, specifically ensuring the viability of the fishing industry and aquaculture development.

Regional Director - Labrador delivers presentation

Goal 5: By 2008, the Department of Fisheries and Aquaculture will have increased public awareness about the province's fishing and aquaculture industries.

Measure: Increased public awareness about the province's fishing and aquaculture industries.

Indicators:

1. Minister delivered speaking tours to business groups;
2. Prepared and implemented a sealing industry communications strategy;
3. Established essay contests in schools;
4. Delivered presentations by departmental staff to schools and community groups;
5. Increased distribution of "Seafood Industry Year in Review" publication;
6. Increased public relations around trade shows, exhibitions, etc.;
7. Increased hits to Department of Fisheries and Aquaculture website.

Goal Performance:

In 2006-07, DFA developed presentations for delivery to various audiences. Throughout 2007-08, DFA has increased its participation and speaking engagements at local, national and international venues including Aqua Nor 2007, the 40th Anniversary Crab Gala and public schools to raise awareness about the province's fishing and aquaculture industries. At many of these events, DFA also distributed copies of the publication, "Seafood Industry Year in Review." Overall, DFA increased its distribution of this publication by 4 per cent and was able to extend its distribution at trade shows in Boston, USA, China, Russia and Belgium and other events.

The development of the school essay contest was completed in 2006-07. In 2007-08, DFA established a school essay contest and scholarship program, intended to increase awareness among Newfoundland and Labrador youth about the fisheries and/or the sealing industry. The first $1,000 scholarship cannot be awarded until final grades for 2008 have been distributed in June.

DFA also developed (2006-07) and implemented (2007-08) a communications and advocacy initiative to support the sealing industry. Meetings were held with European parliamentarians, environmental groups, European journalists and federal and provincial governments to provide information about the Newfoundland and Labrador sealing industry. To further enhance communications on sealing issues, DFA expanded its web site to include the sealing industry. In 2007-08, hits to the DFA website increased by 7 per cent over 2006-07.

In 2006-07, it was the intent of the department to collect baseline data so as to measure the extent to which the department has been effective in increasing public awareness about the fishing industry. Time constraints, combined with the difficulty and cost associated with acquiring baseline data, have impacted delivery time. A decision was made to delay the measurement of baseline data until there is an appropriate time to collect data where it will not be impacted by broader issues occurring in the fishing and aquaculture industries and thus, the department is unable to confirm if public awareness has increased. Nevertheless, other initiatives the department conducted throughout the two-year period contributed to raising public awareness.

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, the Department of Fisheries and Aquaculture will have increased public awareness of the province's fishing and aquaculture industries.

Measure 1: Increased public awareness of the province's fishing and aquaculture industries.

5.1	Completed speaking engagements with business audiences.	The minister addressed business and industry audiences at the Newfoundland Aquaculture Industry Association, Aquaculture Showcase 2007, Atlantic Coldwater Shrimp Conference and Aqua Nor 2007 Conference – Canadian delegation (Norway) and the 40th Anniversary Crab Gala.
5.2	Awarded a scholarship for a school essay contest.	The school essay contest/scholarship program has been developed. The scholarship is awarded to a high school student on acceptance to university. The scholarship was not awarded in the fiscal year as students did not have their final marks.

5.3	Prepared translated sealing industry information packages for key audiences in Europe.	Sealing information packages have been prepared. The package has been translated into five languages and over 700 copies have been distributed to Canadian Foreign Affairs offices in Europe and North America.
5.4	Worked with sealing industry organizations on further implementing DFA's approach to sealing industry communications and advocacy.	DFA participated in meetings with DFO, the Fur Institute of Canada, Canadian Sealers Association (CSA), and industry representatives. DFA also participated in an Innu Fisheries Development Forum on Communications and the Sealing Industry. A sealing mission to Europe was carried out with the Canadian Ambassador for Fisheries Conservation.
5.5	Delivered presentations to schools and community groups.	Communication with schools and community groups is ongoing. Presentations delivered included: The Red Ochre Regional Board at St. Paul's; Schooner Regional Development Corporation; the Federation of Municipalities; Community - University Research Alliance; an Occupational Health and Safety Seminar; and Fishing Vessel Safety Seminars to the Community-University Research for Recovery Alliance in Norris Point. The minister delivered the Commencement Address to graduating students of the Marine Institute.
5.6	Measured the baseline data on public awareness.	DFA has explored methods for collecting baseline data to measure public awareness about the Newfoundland and Labrador Fisheries and Aquaculture Industries. Time constraints, combined with the difficulty and cost associated with acquiring baseline data, have prevented the department from collecting the baseline data.
5.7	Redesigned and rolled out the DFA Website.	This work has been completed and the redesigned departmental website has been rolled out.

Additional Initiative: The provincial government established a new Memorial University of Newfoundland (MUN) scholarship to commemorate the 15th anniversary of the closure of the northern cod fishery. The scholarship is to be awarded to MUN students specializing in fisheries studies and research.

STRATEGIC ISSUE 6

SEAFOOD MARKET DEVELOPMENT

Government, in co-operation with the seafood industry, worked together to develop and employ more effective techniques to promote Newfoundland and Labrador seafood products to national and international markets. To raise the profile of this province's fisheries and aquaculture industries, DFA participated in international seafood expositions and promoted local seafood products to potential investors and buyers worldwide. These efforts helped support government's Strategic Direction to ensure the viability of the seafood market.

International Boston Seafood Show 2008

Goal 6: By 2008, the Department of Fisheries and Aquaculture will have implemented market exploration and marketing initiatives designed to increase the viability of the seafood industry.

Measure: Implemented seafood market exploration and marketing initiatives.

Indicators:

1. Assessed seafood marketing opportunities at various trade shows in addition to the department's current trade show commitments;
2. Worked with industry to focus government's seafood strategy;
3. Supported incoming/outgoing trade missions to explore market opportunities.

Goal Performance:

DFA worked with industry and other government departments to implement market exploration and marketing initiatives to increase the viability of the province's seafood industry. In 2006-07, DFA solicited input from industry to identify a new government marketing strategy. Industry representatives responded to a departmental questionnaire and provided recommendations about potential market development initiatives. DFA completed market research and intelligence initiatives and expanded its participation in trade missions (see 6.2.5) and trade shows (see 6.2.4) to further identify and increase potential marketing opportunities. Priority marketing opportunities have been identified in Russia and China, and DFA participated in key trade shows in these two countries. DFA also supported a private company in launching a pilot project to fly fresh seafood to Europe via Iceland to explore European marketing opportunities.

DFA continued its ongoing work to develop and implement marketing strategies that are responsive to the dynamic seafood market place. The establishment of the Newfoundland and Labrador Seafood Marketing Council, pending government approval and industry support, will serve as an ongoing means to respond quickly to ever-changing market demands.

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, The Department of Fisheries and Aquaculture will have developed and implemented government's new seafood marketing strategy.

Measure 1: Developed government's new seafood marketing strategy.

6.1.1	Completed a comprehensive analysis of the options for establishing the Newfoundland and Labrador Seafood Marketing Council (NLSMC).	Government appointed a Seafood Marketing Review Panel, chaired by Mr. Alexander (Sandy) Roche to complete a comprehensive analysis of the options for establishing a NLSMC. The panel, consisting of representatives from the Association of Seafood Producers (ASP), Seafood Processors of Newfoundland and Labrador (SPNL) and the Fish, Food and Allied Workers Union (FFAW), provided advice and guidance to the chairperson. The chair prepared a report, submitted in Februrary 2008, identifying marketing issues and challenges facing the province's fishing industry and included recommendations on establishing the NLSMC.
6.1.2	Determined how the Newfoundland and Labrador Seafood Marketing Council will be established.	The Seafood Marketing Review Panel - Report of the Chairperson outlines the approach that government should take to establish a seafood marketing council. This is under active consideration by government.
6.1.3	Identified priority market promotion development initiatives and events in consultation with the industry.	In consultation with industry the department explored new promotional opportunities for seafood markets in Russia and China. Market opportunities in Spain and the United States are under consideration. DFA participated in key trade shows and events including the International Boston Seafood Show, the European Seafood Exposition, the China Fisheries and Seafood Expo, and Seafood Russia 2007. As a pilot project, a private company, Fly Fresh Freight launched air cargo shipments to Europe via Iceland to establish an air cargo supply link to explore opportunities to market fresh Newfoundland and Labrador seafood to European markets.

Measure 1: Implemented government's new seafood marketing strategy.

6.2.1	Established the Newfoundland and Labrador Seafood Marketing Council.	The preliminary work to establish the NLSMC has been completed. Because the department did not receive the final Report from the Chairperson of the Seafood Marketing Review Panel until February 2008, there was not enough time remaining in the fiscal year to obtain government approval for the establishment of the Council. The establishment of the NLSMC requires both government approval and industry agreement. Both are pending. Once the NLSMC is set up, DFA will support and assist its efforts.
6.2.2	Worked with NLSMC to develop a seafood marketing strategy and promotional program for 2008-10.	The NLSMC has not yet been established, thereby making it impossible to work with them on the development of a seafood marketing strategy. However, DFA continued to develop seafood marketing initiatives through its expanded participation in international marketing events and increased promotion of local seafood products. DFA will further develop a seafood marketing strategy when the NLSMC is operational.
6.2.3	Organized additional outgoing trade missions.	DFA organized and/or supported additional outgoing trade missions to China and the United States. DFA collaborated with the other Atlantic Provinces and ACOA on outgoing trade missions.
6.2.4	Participated in additional international trade shows.	In 2007-08, DFA participated in two additional trade shows in China and Russia. DFA promoted Newfoundland and Labrador seafood at the China Fisheries and Seafood Expo and Seafood Russia 2007, in addition to its participation in the European Seafood Exposition and the International Boston Seafood Shows (IBSS).
6.2.5	Organized additional incoming seafood buyer missions.	DFA organized two new incoming seafood trade buyer missions in this fiscal year. In collaboration with the Agriculture and Agri-Food Canada (AAFC) and the consulate office in Philadelphia, DFA organized an incoming trade mission of seafood distributors to St. John's. In collaboration with AAFC and the Canadian Trade offices in Russia, Mexico and Korea, major seafood buyers attended the IBSS to meet with Newfoundland and Labrador companies.

STRATEGIC ISSUE 7

QUALITY ASSURANCE

Establishing this province as a global leader in the seafood market has crystallized the importance of quality assurance in increasing the value of landed and farmed seafood products. The critical role of quality assurance initiatives in maintaining and enhancing Newfoundland and Labrador's position as a world supplier of high quality seafood products has encouraged the department to focus on initiatives to further enhance its commitment to quality assurance in the province's seafood industry. Quality initiatives such as quality assurance training for inspection staff, the development of a new ticketing system and development projects related to quality have served to further advance government's Strategic Direction of enhancing the viability of the fishing industry.

Fishery officer conducts routine crab inspection

Goal 7: By 2008, the Department of Fisheries and Aquaculture will have implemented initiatives designed to further enhance the quality of Newfoundland and Labrador seafood products.

Measure: Implemented quality assurance initiatives.

Indicators:

1. Established a government/industry working group on quality assurance;
2. Developed training materials;
3. Delivered training workshops to the seafood industry;
4. Developed and implemented a ticketing system to enforce the quality regulatory regime.

Goal Performance:

The department implemented quality assurance measures to improve the viability of the fishing industry. Since 2006-07, these initiatives included the development and delivery of quality assurance training modules as a part of its Quality, Compliance and Enforcement Program (QCEP), the development of a new ticketing system to enforce the quality regulatory system, and the development of Terms of Reference for a Quality Assurance Working Group. The department has also delivered regional workshops and seminars to industry representatives on issues related to quality assurance.

The QCEP was developed in 2006-07 and delivered throughout 2006-08. This modular training program, developed in conjunction with the College of the North Atlantic (CNA), was delivered to inspection and auditing staff by CNA and the Fisheries and Marine Institute during the fiscal year.

To further enhance the quality of the province's seafood, DFA has hired new enforcement staff and redeployed existing inspection staff to areas of increased fishing activity. During the 2006-08 reporting period, a new ticketing system was developed and new Fish Inspection Ticket Offences Regulations have been made. Customized tickets are printed and procedures are being finalized. Because it took longer than anticipated to develop the ticketing regulations and have them approved, DFA was not able to implement the ticketing system in the 2007-08 fiscal year.

In 2006-07, DFA developed a Terms of Reference for a Quality Assurance Working Group and canvassed industry associations to serve on the working group. To date, there has been minimal industry participation in this initiative. As a result, a quality assurance working group has not been established.

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, the Department of Fisheries and Aquaculture will have implemented new initiatives designed to further enhance the quality of Newfoundland and Labrador products.

Measure 1: Implemented new initiatives designed to further enhance the quality of Newfoundland and Labrador seafood products.

7.1	Redeployed inspection staff to concentrate on areas of increased harvesting and processing activity.	Based on several vacancies identified in early 2007, new inspection staff have been hired and existing positions were reassigned to work in areas identified under the redeployment strategy.
7.2	In conjunction with the College of the North Atlantic, introduced the Quality Compliance and Enforcement Program (QCEP) designed to enhance the ability of DFA staff to perform quality assessments.	Eighteen of nineteen QCEP training modules were developed by the College of the North Atlantic. Four courses have been offered to date, including a module on quality assurance delivered by the Marine Institute. This training program will be ongoing for the next several years.
7.3	Delivered workshops and seminars and provided information on quality assurance.	Regional workshops for harvesters and processors were held in spring 2007 to provide information on quality assurance.

7.4	Expanded evaluation of onboard handling systems on vessels which employ bulk stowage.	DFA supported a number of projects focused on the exploration of new alternatives to improve onboard handling systems. Development projects were carried out on a new storage and unloading system for snow crab and Refrigerated Seawater Holding systems for smaller vessels. The initial phases and implementation of a proposal on the evaluation of live shellfish have been completed. Similarly, a project to expand the focus of onboard handling systems from snow crab to other species has also progressed through the initial phases and initial implementation stages. Work on these projects is ongoing.
7.5	Established a government/industry quality working group to address issues of concern, and developed a regular meeting schedule.	A Terms of Reference for a government/industry quality working group was developed and reviewed by the department. DFA then canvassed processing sector representatives to submit potential members to serve. A major processing association indicated they were not interested in participating under the proposed Terms of Reference. As a result, a quality assurance working group could not be established. DFA will now evaluate alternatives to address government/industry collaboration on quality assurance.
7.6	Consulted with the Federal Government on the introduction of intrinsic quality issues as criteria in Management Plans for commercial fisheries.	DFA has consulted with the federal government concerning the introduction of intrinsic quality issues as criteria in Management Plans for commercial fisheries. The intent was to have intrinsic quality issues directed to the attention of the Quality Assurance Working Group. Because the Working Group could not be established, other options will be considered.
7.7	Implemented a new ticketing system to enforce the quality assurance regime.	Fish Inspection Ticket Offences Regulations have been published and custom tickets have been printed. Because it took longer than anticipated to develop the system, DFA was unable to implement the ticketing system in the 2007-08 fiscal year.

Additional Initiative: DFA introduced revised/amended fishing industry regulations. The revised Fish Inspection Administrative Regulations, the In-Province Retail Fish Establishment Regulations and the Fish Inspection Operations Regulations are now in force.

STRATEGIC ISSUE 8

THE PROVINCE'S VOICE IN FISHERIES AND OCEANS MANAGEMENT

The role of the Department of Fisheries and Aquaculture is to provide input into the development of policy related to fisheries and oceans management issues. To this end, the province sought to strengthen its voice on matters of regional, national and international management decisions associated with land use planning, marine environmental quality, climate change, user conflict, and economic opportunities. To accomplish this, the department, among other things, pursued partnerships with the federal government on fisheries management; increased their involvement in both coastal and oceans management and fisheries management; performed analyses of proposed national and international legislation and aggressively communicated its position on the new *Federal Fisheries Act*. Each of these efforts supported government's Strategic Direction related to securing the province's fishery and marine resource interests.

Goal 8: By 2008, the Department of Fisheries and Aquaculture will have increased the voice of the Government of Newfoundland and Labrador on marine fisheries and oceans management.

Measure: Increased the voice of the Government of Newfoundland and Labrador on marine fisheries and ocean management.

Indicators:

1. Pursued partnerships with the federal government on fisheries management:
   a) Engaged in bilateral discussions with the federal government on custodial management;
   b) Participated on NAFO reform initiatives;
   c) Initiated joint fisheries management discussions with the federal government;
   d) Pursued partnership for the delivery of the Canada/Newfoundland and Labrador Cod Recovery Strategy;
   e) Contributed to the implementation of the cod recovery strategy;
   f) Completed a review of the Canada/French Fisheries Agreement.

2. Increased involvement on coastal and oceans management:
   a) Created within the provincial government an organizational structure to co-ordinate integrated coastal management in the province;
   b) Prepared an oceans policy framework and strategy for the province;
   c) Engaged in negotiation of a Canada/Newfoundland and Labrador Oceans Management Agreement;
   d) Led the formation of the New England Governors (NEG) – Eastern Canadian Premiers (ECP) Oceans Working Committee.

Goal Performance:

The department worked with the provincial government to establish the Provincial Coastal Oceans Network (PCON) which serves as the organizational structure to co-ordinate integrated coastal and ocean management in the province. During 2007-08, DFA completed two issue scans on Coastal and Oceans Management in support of the development of the provincial policy framework and strategy. DFA maintained ongoing communications with DFO in pursuit of a Canada/Newfoundland and Labrador Oceans Management Agreement. Bilateral discussions with the federal government did not take place in 2007-08 due to time constraints with both DFO and DFA. However, preliminary discussions were held, and it was suggested that the next steps should include an exchange of correspondence with DFO at the regional level. It is anticipated that bilateral discussions will continue in 2008-09.

To increase it's involvement on coastal and oceans management, DFA participated at the annual Northeast Atlantic Fisheries Organization (NAFO) meeting where the department supported custodial management and sought enhanced coastal state responsibilities. DFA assessed the merits of renegotiating the Canada-France Fisheries Agreement and provided advice to the federal government. The Department did not directly pursue joint-management during this planning cycle. This was due to resource constraints and a change in focus of federal provincial relationships. The Department worked to improve the working relationship and cooperation between DFO and DFA as evidenced through Fishing Industry Renewal. Effort was also expended representing the Province's position on Bill C-45 and Bill 32, the new Federal Fisheries Acts.

DFA also led in the formation of an Oceans Working Committee as a part of the New England Governors and Eastern Canadian Premiers Committee. This unique collaboration provides an opportunity to foster cooperation and collaboration to facilitate information exchange, cooperate on marine research and development initiatives, and jointly address environmental and management issues.

DFA, in association with DFO, contributed to the Cod Recovery Program. Throughout 2006-08, the department provided approximately $600,000 to several cod research projects in partnership with DFO, Memorial University and the FFAW. This contribution supported the Cod Recovery Program

INDICATORS AND ACCOMPLISHMENTS 2007-2008

Objective: By 2008, The Department of Fisheries and Aquaculture will have engaged the Government of Canada on the negotiation of a Canada-Newfoundland and Labrador Oceans Management Agreement.

Measure 1: Engaged the Government of Canada on the negotiation of a Canada-Newfoundland and Labrador Oceans Management Agreement.

8.1	Conducted bilateral discussions with DFO on a Canada-Newfoundland and Labrador Oceans Management Agreement.	Preliminary discussions were held with DFO officials on the establishment of a formal agreement on Coastal and Oceans Management. It was determined that the initial arrangement will be in the form of an agreement at the regional level, between the Deputy Minister of DFA and the Regional Director General (RDG) for the Newfoundland and Labrador region of DFO. In fall 2007, a letter was received from the RDG of DFO Newfoundland and Labrador Region indicating DFO's desire to enter into discussions on such an agreement. Difficulty in scheduling a meeting has pushed the discussions into 2008-09
8.2	Prepared paper/note on the provincial position regarding NL government's role in coastal and oceans management.	DFA finalized its submission to the Provincial Development Plan Secretariat regarding the province's role in coastal and oceans management. In cooperation with DEC, the department commissioned two issues scans. The first report was completed in fall 2007, and it is expected the second will be completed in summer 2008. These supporting reports and other activities are important to the development of a strategy and policy framework outlining the province's position. Given the amount of time required to gather the supporting information, DFA has not completed the development of the provincial position regarding its role in coastal and oceans management.
8.3	Consulted with other relevant departments on coastal management issues.	A working group, lead by DFA and DEC, has been established and involves an additional nine provincial departments. The group met on a regular basis to develop a work plan.
8.4	Reached an agreement with DFO on the form and structure of a bilateral agreement on coastal and oceans management.	Preliminary discussions were held and an exchange of letters with DFO at the regional level was suggested as the first step in moving toward a Federal/Provincial Agreement on Coastal and Oceans Management. An agreement on form and structure has not been reached as bilateral discussions with DFO did not occur during the last quarter of 2007-08 due to time constraints within both DFA and DFO.

CHALLENGES AND OPPORTUNITIES

Fisheries Challenges

Note: Many challenges affecting the fishing industry may also impact the aquaculture industry.

- The rising value of the Canadian dollar is pricing Newfoundland and Labrador seafood products out of the United States and China markets. To maintain current product value, it is critical to explore opportunities in Europe and other global markets.*
- International tariffs and non-tariff barriers hinder trade and lower the value of fish products realized through global trade. This obstacle is complicated by the fact that international trade issues fall under the jurisdiction of the federal government.
- Low-cost competitors have the potential to limit market expansion for Newfoundland and Labrador fish products.
- With the aging workforce in seafood processing and harvesting and people finding employment in other areas of the economy, there is a labor shortage in the fishing industry. To ensure stability and sustainability in the fishing industry, there is a need to recruit and train youth to enter fishing-related trades and professions.
- Growth in the fishing and aquaculture industries is dependent on new venture capital. It is essential to ensure an attractive investment climate.
- Renewal of the province's fishing industry will require an industry-government partnership to identify the fisheries infrastructure (e.g. vessels, plants, wharves) necessary for an industry with increased emphasis on safety, environmental sustainability, economic efficiency, and product quality.
- Wastewater treatment equipment is a necessity in many coastal regions of Newfoundland and Labrador.

* For more detail about the impact of the rising value of the Canadian dollar, see "2007 Seafood Industry Year in Review", Department of Fisheries and Aquaculture, p. 15.

- Structural issues in the shrimp sector hinder the industry's competitiveness and profitability. Concerns exist with the timing of the harvest, seasonality, product handling and storage operations.

- Cross usage of marine resources by fisheries, tourism, and municipalities requires a plan of action to assure that resources will remain stable and sustainable.

- Climate change is affecting the fish harvest, and erosion is impacting the coastal regions. Public awareness and education about climate change and coastal region environmental management is necessary to preserve the natural resources.

Fisheries Opportunities

Through the implementation of the Fishing Industry Renewal initiatives, DFA has cultivated many opportunities. It is essential to identify and engage with global, national and local stakeholders that impact the industry's development. DFA is positioned and ready to examine opportunities for quality assurance, market prospecting, and diversification of the province's fishing industry.

- Newfoundland and Labrador is in a strategically promising position to market its seafood products to Europe, North America and Asia.

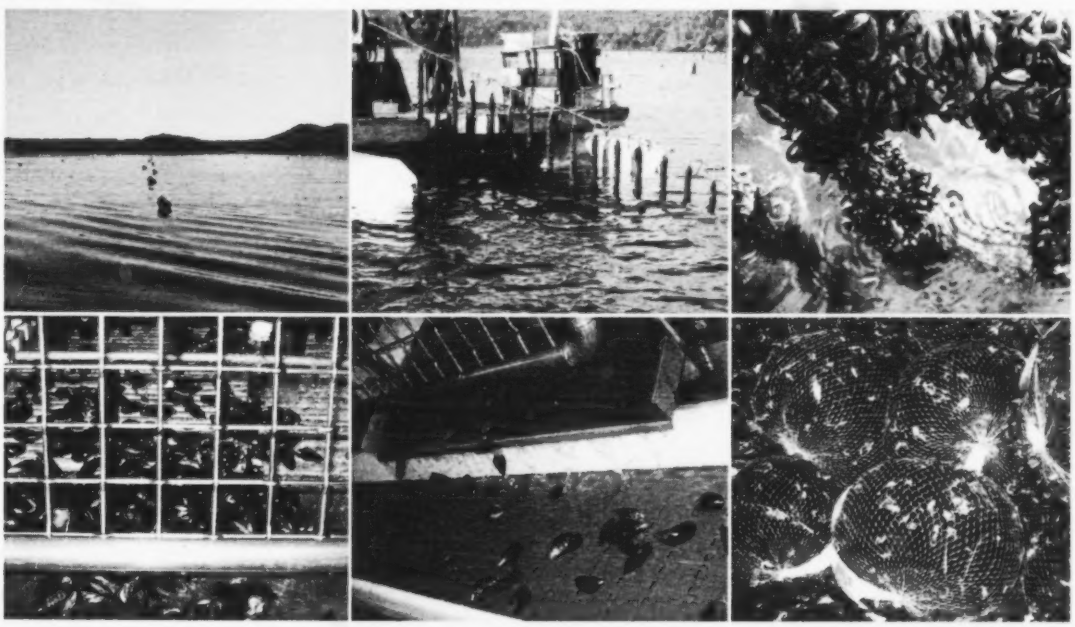
- The department regularly participates in international seafood trade shows attended by representatives from the global seafood marketplace. During 2007-08, DFA participated in many seafood shows where connections were established with potential international markets and investors. Continued and expanded participation in these worldwide events provides access to markets and insight into best practices in the fishing industries.

- The Fly Fresh Freight (FFF) pilot project that shipped weekly fresh fish cargo to Europe via Icelandair opened the opportunity to conduct a marketplace evaluation of the European market and to garner valuable information to expand fresh fish cargo service.

- There is a growing worldwide demand for seafood products. New opportunities in Russia, China and Eastern Europe have been identified.

Aquaculture Challenges

- There is a need to secure private financing for aquaculture expansion.
- The aquaculture industry must continue to identify new markets as the production capacity increases.
- To increase production, it is necessary to identify and license new sites for additional mussel culture.
- It is critical to ensure that marine infrastructure requirements are met for the salmonid and mussel sectors. This includes wharves and landings to facilitate bulk handling, lifting capabilities and biosecurity protocols.
- There is a growing need for skilled workers to meet the demands of the expanding industry.
- Issues in biosecurity protocol are on-going and are of a high priority to ensure sustainability, environmental protection and a high quality product.
- Contending with low-cost competitors in the international market place is an issue to overcome.
- The potential for aquatic invasive species to impact the aquaculture industry requires extra precaution.
- An awareness campaign is needed to provide timely and accurate information to all industry stakeholders and shared users.



Aquaculture Opportunities

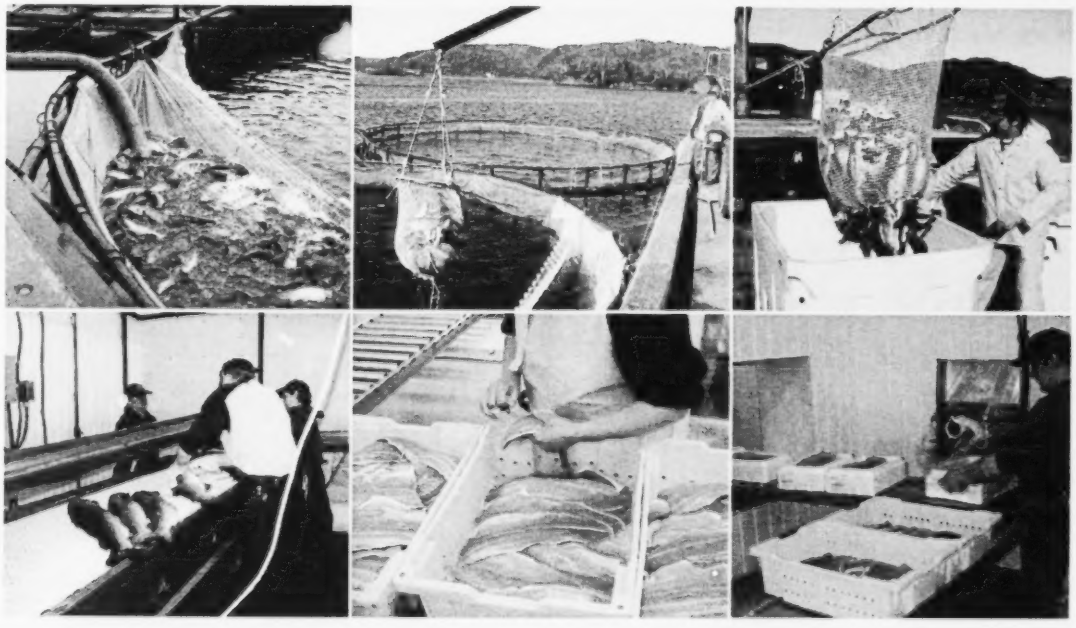
- The province offers ideal locations for aquaculture development, particularly Connaigre Peninsula, Bay d'Espoir, Fortune Bay and Placentia Bay.

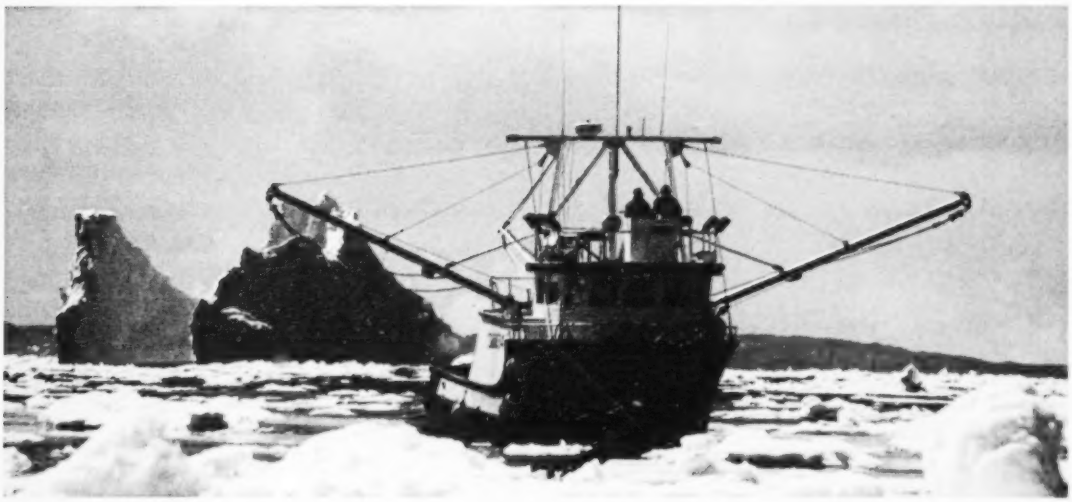
- DFA has developed the groundwork for a strong investment prospecting strategy to appeal to commercial investors. This strategy includes investment information packages and attendance at aquaculture exhibitions and trade shows. The Aquaculture Working Capital Loan Guarantee Program and the Aquaculture Capital Investment Program provide incentives for new investment.

- Aquaculture is a rural industry and, depending on the suitability of an area, can generate long-term, year-round employment in the production, processing and service industries.

- Aquaculture is an export-driven industry that attracts outside capital and brings new funds to the province's economy.

- Opportunities exist for the supply and service sector to develop feed manufacturing, equipment manufacturing or sourcing, and hatcheries.





For more information, please contact:

Lori Lee Oates, Director of Communications
709 729 3733 • oatesll@gov.nl.ca

Fisheries Contacts:

David Lewis, ADM, Fisheries
709 729 3713 • davidlewis@gov.nl.ca

Brian Delaney, ADM, Policy and Planning
709 729 3708 • bjdelaney@gov.nl.ca

Mike Warren, Executive Director, Special Initiatives
709 729 3708 • mikewarren@gov.nl.ca

Craig Taylor, Director, Labrador Region
709 896 3412 • craigtaylor@gov.nl.ca

Wilson Goosney, Director (Acting), Western Region
709 637 2565 • wgoosney@gov.nl.ca

Nelson Higdon, Director, Central Region
709 292 4102 • nhigdon@gov.nl.ca

Rex Mathews, Director, Eastern/Avalon Region
709 832 2860 • rmatthews@gov.nl.ca

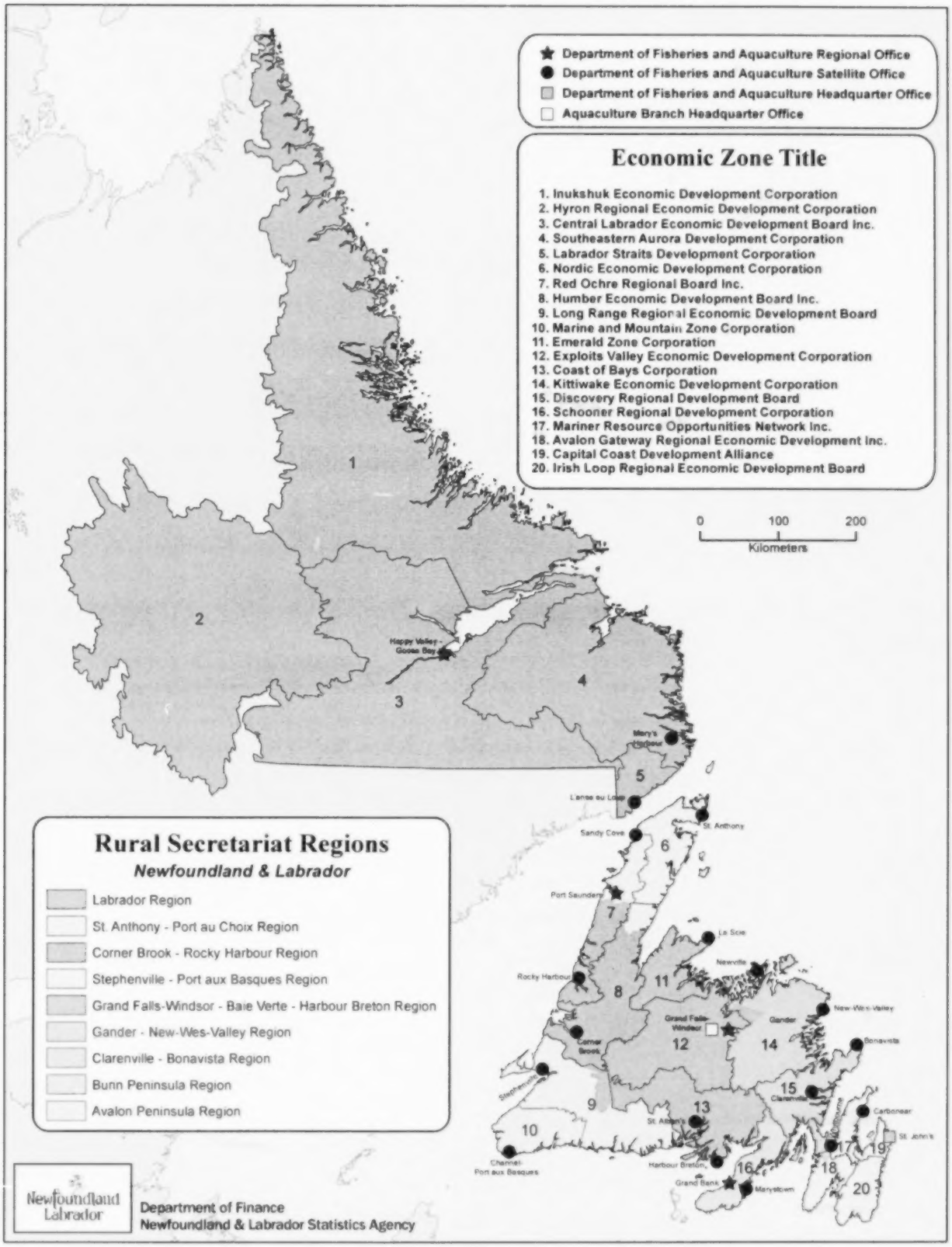
Aquaculture Contacts:

Brian Meaney, Assistant Deputy Minister, Aquaculture
709 729 3710 • bmeaney@gov.nl.ca

Shawn Robinson, Director, Aquaculture Development
709 292 4100 • srobinson@gov.nl.ca

Department of Fisheries and Aquaculture
The Petten Building
30 Strawberry Marsh Road
P.O. Box 8700
St. John's, NL
A1B 4J6

www.gov.nl.ca/fishaq


Department of Fisheries and Aquaculture Regional Office
Department of Fisheries and Aquaculture Satellite Office
Department of Fisheries and Aquaculture Headquarter Office
Aquaculture Branch Headquarter Office
Economic Zone Title
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4. Southeastern Aurora Development Corporation
5. Labrador Straits Development Corporation
6. Nordic Economic Development Corporation
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14. Kittiwake Economic Development Corporation
15. Discovery Regional Development Board
16. Schooner Regional Development Corporation
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Gander - New-Wes-Valley Region
Clarenville - Bonavista Region
Bunn Peninsula Region
Avalon Peninsula Region
Happy Valley - Goose Bay
Mary's Harbour
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Department of Finance
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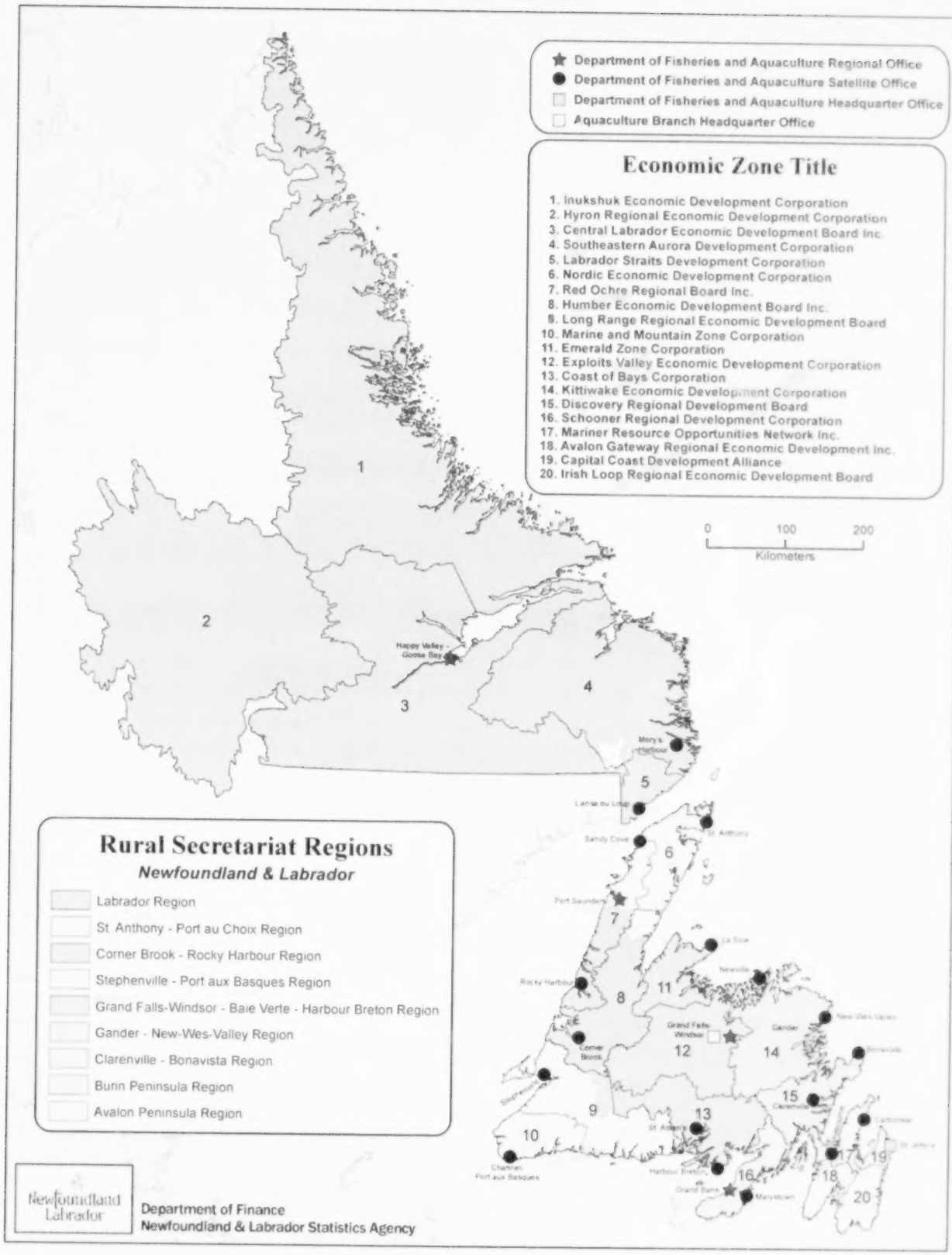
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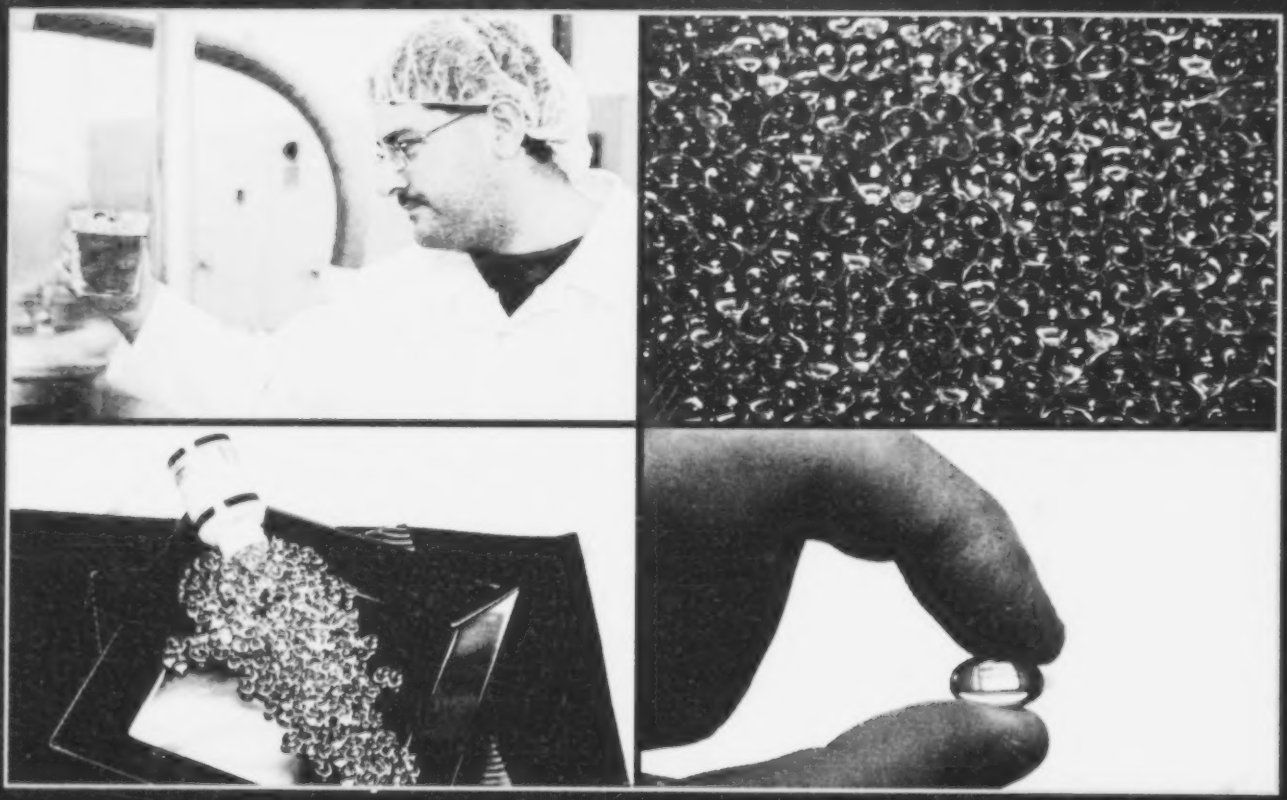

Seal oil produced in Catalina and South Dildo, NL

Newfoundland Labrador

Department of Fisheries and Aquaculture